

SREB

Teacher Compensation: One Tool to Elevate the Profession

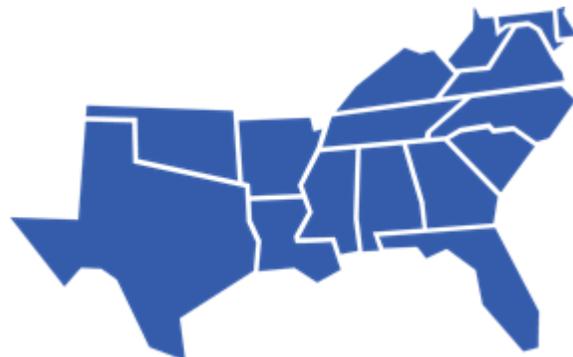
Presentation to the Mississippi Senate Education
Committee: September 15, 2021

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SREB



Where Policy Meets Practice



**Support
Action**
in states and schools,
policy and practice

How We Work

**Analyze &
Publish**
data, research,
promising practices

Convene & Engage
decision-makers in education,
government, business



Why do we have a teacher shortage issue?



Will improving teacher compensation packages solve teacher shortages?

Pay is only one piece
of a much larger
puzzle.



Teacher Compensation

More Than Salary Matters



SALARY

Average salary and state salary schedules
Cost of Living Index
Wage comparisons



HEALTH BENEFITS

Coverage
Cost for employees
Cost for states



RETIREMENT

Pension vs. Investment
Adequacy of Savings
Unfunded Liabilities

Teacher Salaries



1980's salary > 2020



National average > SREB region



Teacher wage gap



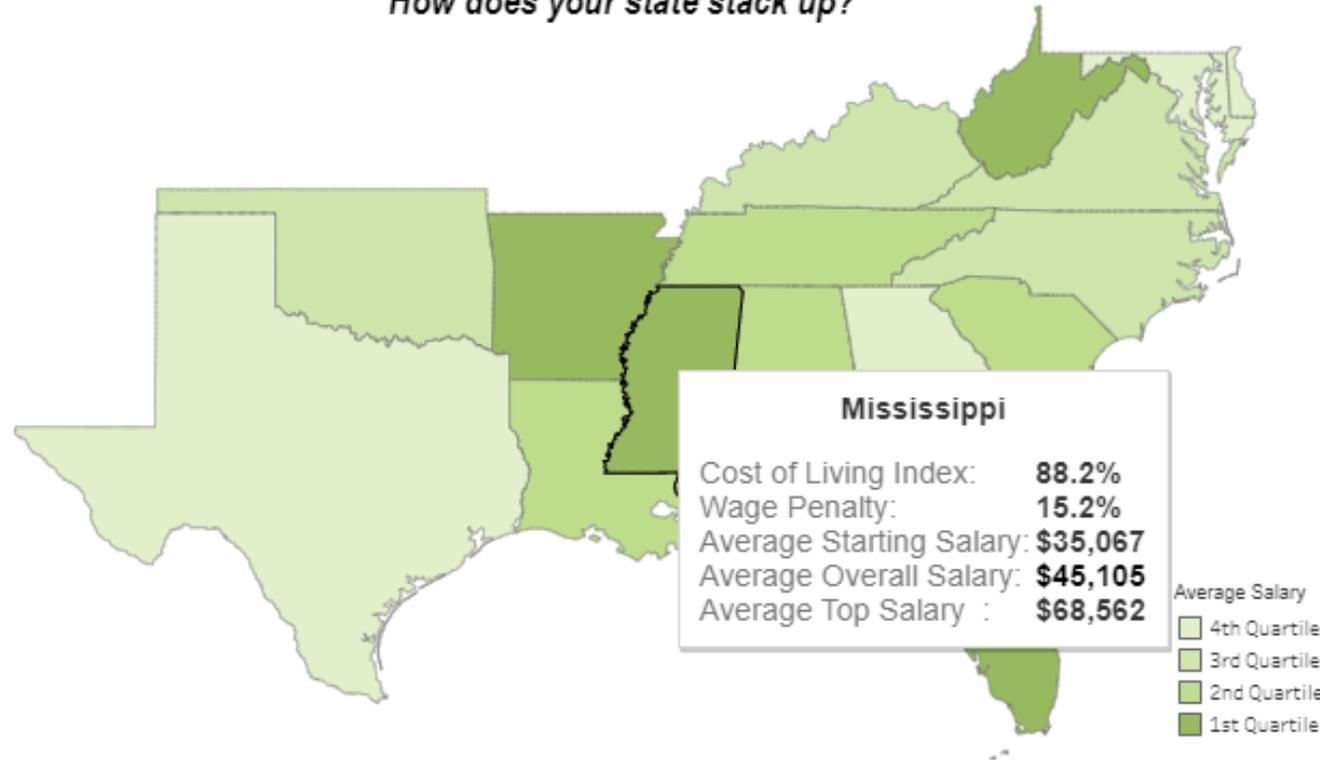
Some qualify for government assistance



Teacher Salaries, 2018-2019

Teachers are paid 20.7% lower in the South than other similarly educated professionals in the region.

How does your state stack up?



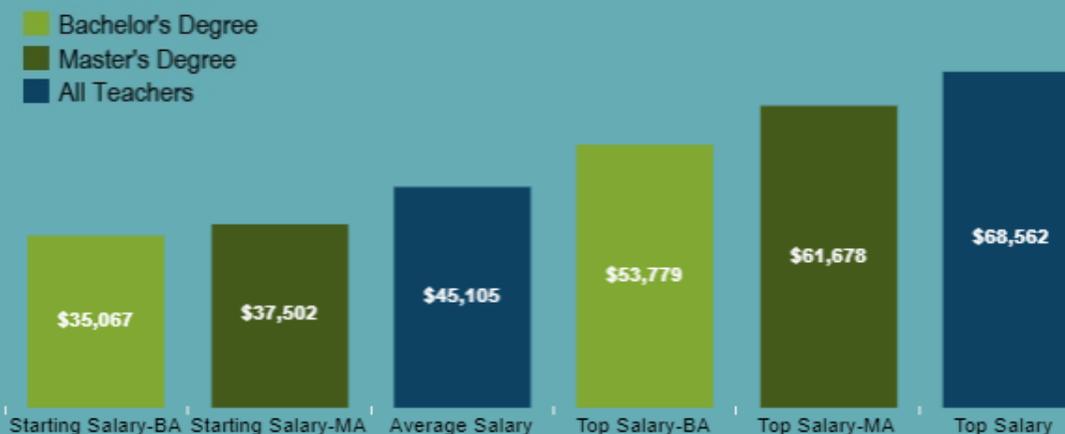
	Cost of Living Index	Teacher Wage Penalty	Average Starting Salary	Average Overall Salary	Average Top Salary
Regional Average	98.1%	-20.7%	\$38,420	\$53,340	\$66,534
National Average	100%	-19.2%	\$40,154	\$62,304	\$74,582



Mississippi's average top salary is above the regional average.

Cost of Living Index **88.2%**

Average Annual Gross Teacher Salaries



In Mississippi teachers make **15.2%** less per week than their similarly educated peers in other fields.

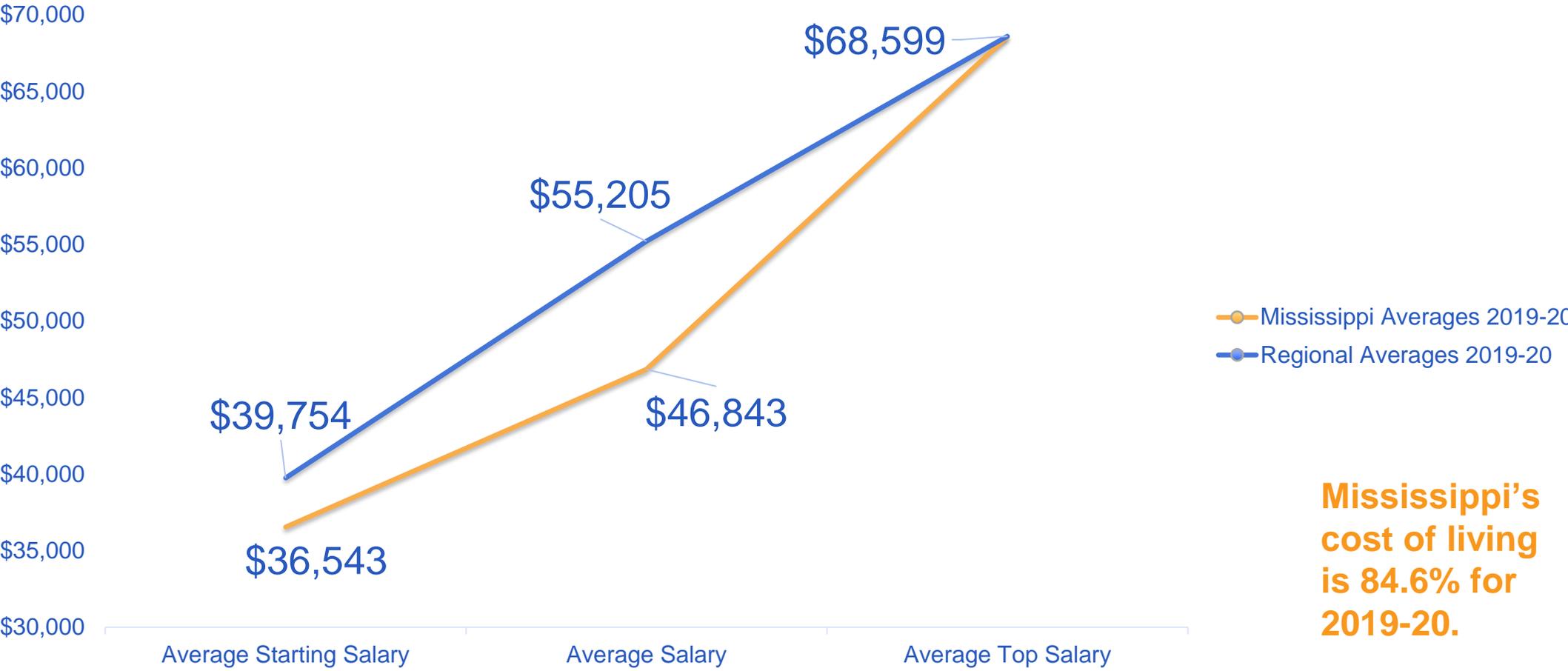
State Minimum Salary Schedule



In Mississippi, it will take a teacher 35 years to reach the top of the minimum salary schedule.

To reach \$50,000 it will take up to 30 years with a Bachelor's degree, 23 years with a Master's degree, or 16 years with a Doctorate.

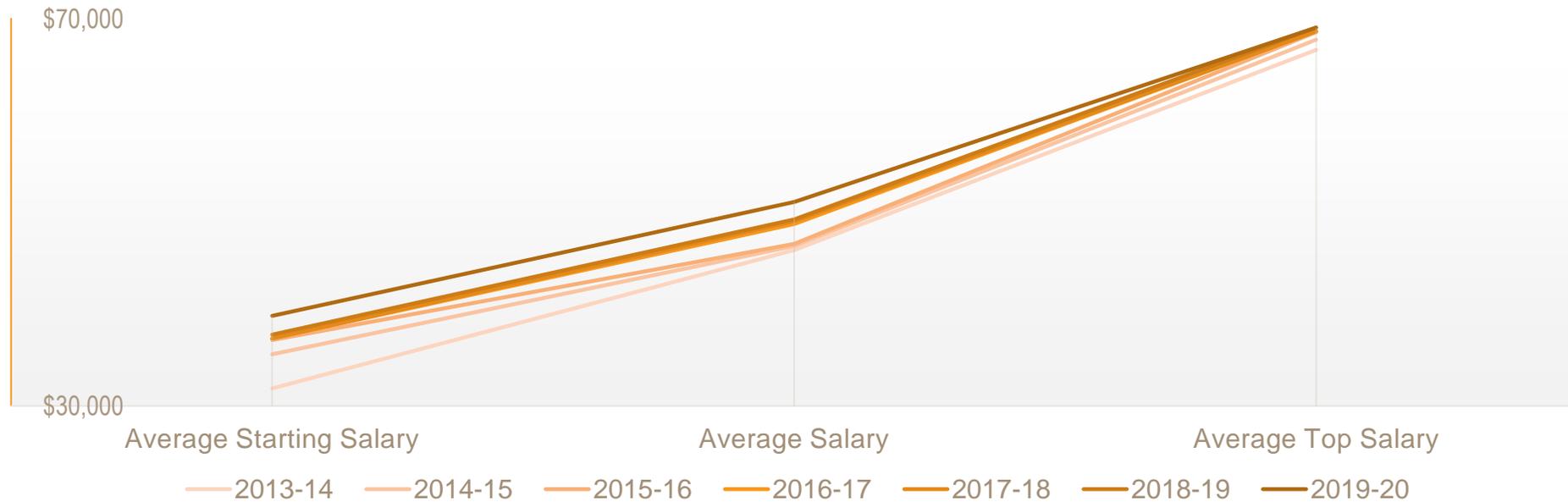
Average Salaries: Mississippi vs. SREB Region 2019-20



Mississippi's cost of living is 84.6% for 2019-20.

Average Salaries in Mississippi: 2013-2020

Starting salaries have increased more over time than salaries for experienced teachers in the last seven school years, yet Mississippi still leads in the region for average top salary.



Teacher Salary Improvements

Potential Improvement:

Raise starting and mid-career salaries to competitive levels

Potential Improvement:

Provide stipends to access quality professional growth resources

Potential Improvement:

Create statewide Teacher Leader roles with pay

Potential Improvement:

Fund adequate support staff

Potential Improvement:

Fund teacher well-being strategies

Teacher Health Benefits



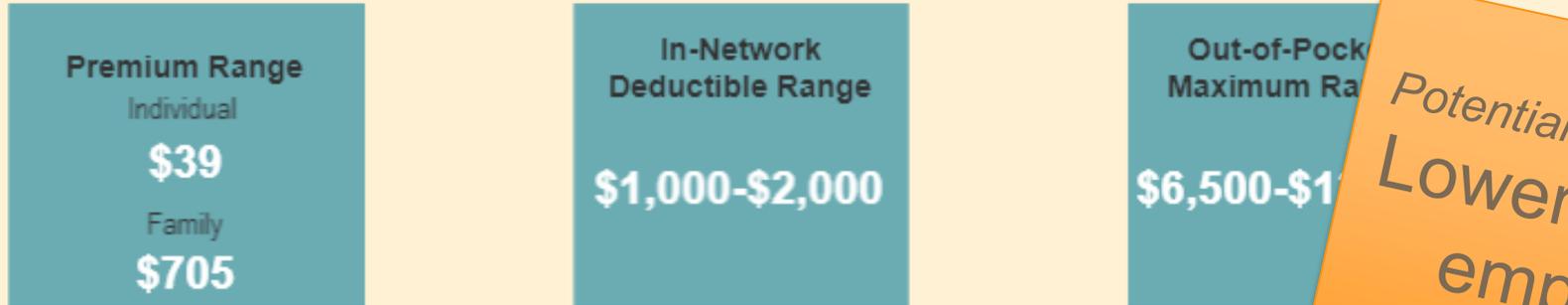
Low individual but high family premiums



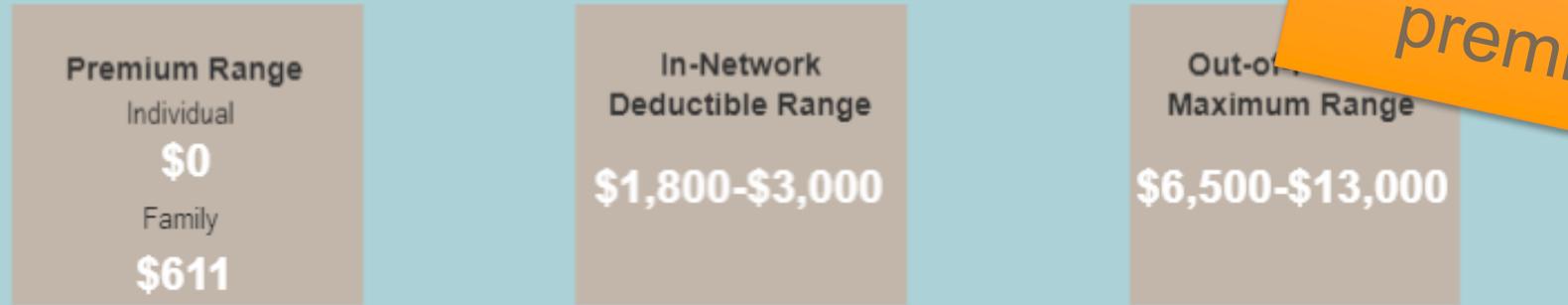
Two coverage options

Number of State Health Benefit Options **2** → 1 PPO Plans 0 HMO Plans 1 HDHP Plans

PPO Plans Summary



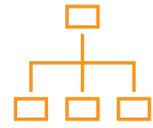
HMO + HDHP Plans Summary



*Potential Improvement:
Lower monthly
employee
family
premiums*

	Individual Premium	Individual Deductible	Family Premium	Family Deductible
Regional Average	\$125	\$1,396	\$624	\$3,040

Teacher Retirement Benefits



Defined benefit plans and tiers vs.
Defined contribution and hybrid plans



Do pensions = better savings?



Limited choice in MS



Salary

Health

Take-Home

← Return to Retirement Map

Defined Benefit (Pension) Plan

Mississippi teachers hired on or after July 1, 2011.

Defined Pension Benefit Formula or Defined Contribution Investment

2% for first 30 years, 2.5% for 31+ X Avg. Salary of Highest 4 Years X Years of Service

Potential Improvement:
Lower the vesting period

	Vesting Period (Years)	Employee Contribution	Employer Contribution	Employer Normal Cost Rate	Total Contribution to a Teacher's Benefit	Contribution to Unfunded Liabilities
Regional Average	5.6	6.9%	14.7%	3.9%	11.5%	11.2%

Social Security		Vesting Period in Years	8	Full Retirement Status
Employee Contribution	9%	Employer Contribution	17.400%	Emp Normal

*States with a ? by Social Security means the benefit is decided at a district, not state, level.

**Employer Normal Cost Rate is the amount of an employer's contributions that goes toward a teacher's retirement benefit, as opposed to paying for unfunded

Potential Improvement:
Offer a defined contribution retirement plan option

Teacher Take-Home Pay



Average salary after deductions for new, mid-career and veteran teachers



Net salary shock



*Hover to see assumptions

Typical 1st Year Teacher

Gross Annual Salary
\$35,067

\$2,922.25	Monthly Gross Pay
— \$263.00	Retirement Contribution
— \$0.00	Health Premium
— \$222.94	Federal Tax
— \$164.87	FICA
— \$38.56	Medicare
— \$106.00	State Tax
<hr/>	
= \$2,126.88	Monthly Net Pay

Net Annual Salary
\$25,523

*Hover to see assumptions

Typical 15th Year Teacher

Gross Annual Salary
\$45,105

\$3,758.75	Monthly Gross Pay
— \$338.29	Retirement Contribution
— \$705.00	Health Premium
— \$138.21	Federal Tax
— \$168.36	FICA
— \$39.37	Medicare
— \$109.00	State Tax
<hr/>	
= \$2,260.52	Monthly Net Pay

Net Annual Salary
\$27,126

*Hover to see assumptions

Typical 35th Year Teacher

Gross Annual Salary
\$68,562

\$5,713.50	Monthly Gross Pay
— \$514.22	Retirement Contribution
— \$705.00	Health Premium
— \$346.98	Federal Tax
— \$278.65	FICA
— \$65.17	Medicare
— \$198.00	State Tax
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= \$3,605.49	Monthly Net Pay

Net Annual Salary
\$43,266

Regional Average	1st Year Teacher	15th Year Teacher	35th Year Teacher
Annual Gross Salary	\$38,420.25	\$54,271.00	\$66,099.00
Annual Net Salary	\$27,850.55	\$34,613.73	\$44,105.04

Teacher Compensation

Summary of SREB Solutions

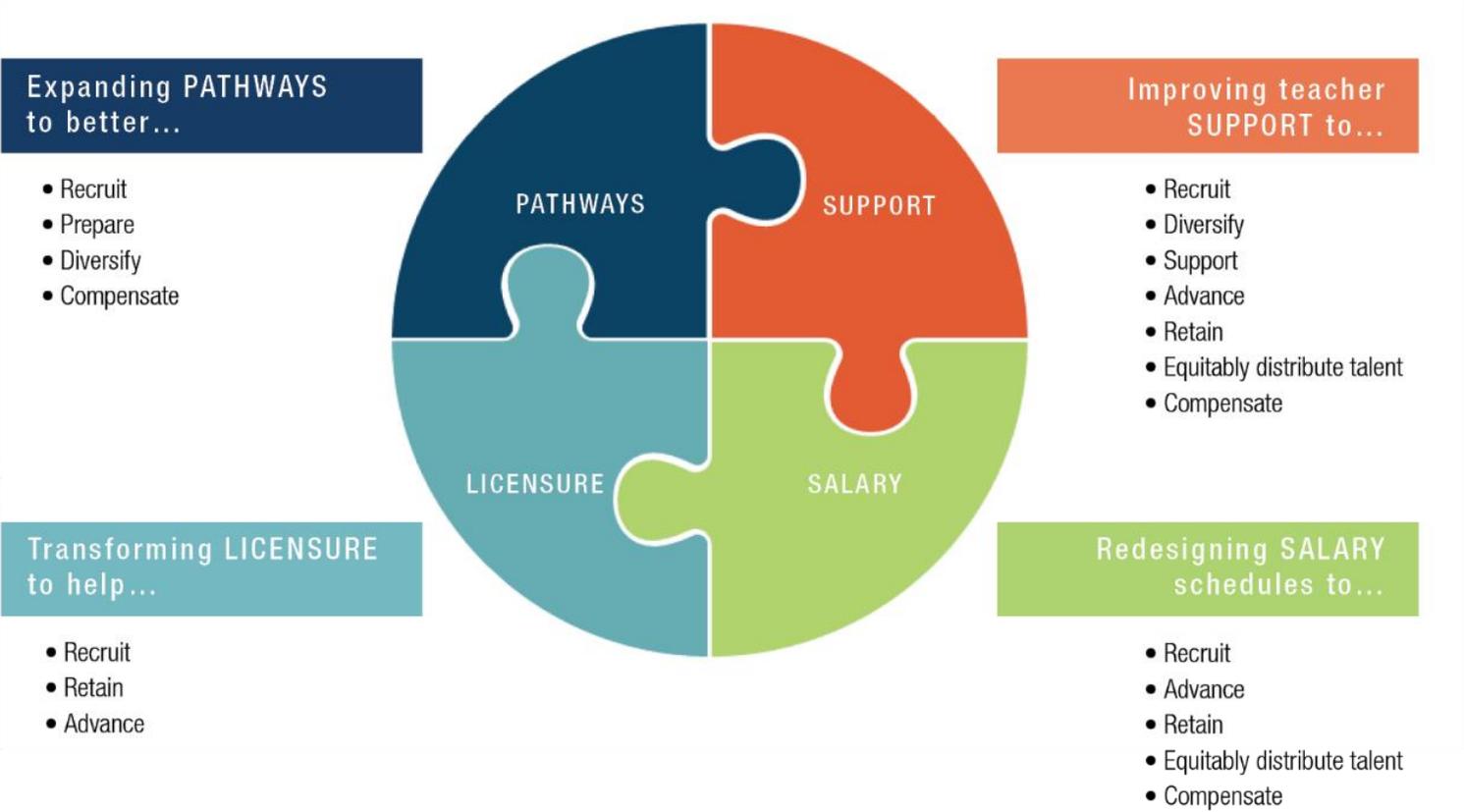
- ❑ Raise starting and average salaries to be more competitive
- ❑ Create teacher stipends to access quality professional growth
- ❑ Institute teacher leadership roles with pay
- ❑ Fund adequate support staff
- ❑ Fund teacher well-being programs
- ❑ Lower monthly employee family premiums
- ❑ Lower the vesting period for retirement
- ❑ Offer a defined contribution retirement plan option

Teacher Compensation

Long-term Investment Solution

- Revise teacher salary schedules (and licensure policy) based on demonstrated competencies and accomplishments in the classroom
 - Raise starting wages in the schedule
 - Include paid teacher residency and advanced roles
 - Incentivize positive student impact and equitable distribution of teaching talent
 - Legislatively mandate regular cost-of-living pay increases and licensure renewal* pay increases

Long-term Commitment and Systemic Change to Elevate the Teaching Profession





FOR MORE INFORMATION:

[SREB Teacher Workforce Policy website](#)
and
[SREB Teacher Compensation Dashboard](#)

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